MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") of financial condition and results of operations is provided to enable readers to assess the consolidated results of operations, liquidity and capital resources of Questor Technology Inc. ("Questor" or the "Company") as at and for the year ended December 31, 2020 compared to the same time periods ended December 31, 2019.

This MD&A, dated March 30, 2021, should be read in conjunction with the audited consolidated financial statements and notes thereto of Questor as at and for the year ended December 31, 2020 which are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS") and the annual MD&A for the year ended December 31, 2019. The audited consolidated financial statements for the year ended December 31, 2020 (including comparatives) and this MD&A have been approved and authorized for issue by Questor's Board of Directors and Audit Committee.

Additional information relating to Questor can be found on the Company's website at www.questortech.com. The continuous disclosure materials of Questor, including its annual MD&A and audited consolidated financial statements, Management Information Circular and Proxy Statement, material change reports and news releases are also available through the Company's website or directly through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

QUESTOR'S BUSINESS

Headquartered in Calgary, Alberta, with operations across North America, the Company provides three specialized clean technology solutions to its customers. The product line is Q-Series, which consists of incineration optimized based upon waste gas composition and flow rate to achieve a combustion efficiency of greater than 99.99 percent. The second product line is Q-Power, which is our power generation solution designed to efficiently transform otherwise wasted high and low temperature heat into valuable electricity power. The third solution is Q-Insights, which is the first highly affordable, cloud-based product to provide continuous and real-time emissions data monitoring and analysis. All of these solutions enable our clients to meet emission regulations, address community concerns and improve safety at industrial sites.

There are several methods for handling waste gases at industrial facilities, the most common being combustion. Flaring and incineration are two methods of combustion accepted by many provincial and state regulators. Historically, the most common type of combustion has been flaring which is the igniting of natural gas at the end of a long metal tube or flare stack. This action causes the characteristic flame associated with flaring.

Q-Series collects waste gas through its patented natural flow design. This design has no fans, blowers, or moving parts and is capable of accepting multiple gas streams to ensure lower maintenance and higher efficiency. Incineration is the mixing and combusting of waste gas streams, air, and fuel in an enclosed chamber which are mixed at a controlled rate and ignited so that no flame is visible when operating properly. A correctly designed and operated incinerator can yield higher combustion efficiencies through proper mixing, gas composition, retention time, and combustion temperature. Combustion efficiency, generally expressed as a percentage, is represented by the amount of methane converted to CO2, or H2S converted to SO2. The more converted, the better the efficiency. The incinerators vary in size, ranging from 20 mcf/d to 5,000 mcf/d, to accommodate small to large amounts of gas handling. The incinerators also vary in automation and instrumentation depending on the client's requirements.

The Company has three primary incinerator related revenue streams: sales, rentals and services. Incinerator services include hauling, commissioning, repairs, maintenance and decommissioning. The Company's current key incineration markets are Colorado, North Dakota, Mexico, Pennsylvania, Texas, Alberta and North East BC. Over 90 percent of the Company's incinerator rental fleet is in Colorado and North Dakota where regulation supports demand for its proprietary high efficiency waste gas incineration systems.

Q-Power is based on Organic Rankine Cycle ("ORC") technology utilizing an axial turbine expander coupled to a synchronous generator via a gearbox and have an evaporator, condenser, economizer-heat exchanger, centrifugal refrigerant pump, and Programmable Logic Controller ("PLC"). The Q-Power organization is supported from our Brooksville, Florida field location. The Company is focusing on gaining market share, educating our customers around our solutions for combating emissions, diversifying our business to lessen our dependence on oil and gas and expanding our Q-Power systems offerings. The Company's Q-Power products have been installed at petroleum and manufacturing client sites; however, the solutions can be used in many other industries to process all types of waste gas including agriculture, rail car loading, mining, water treatment, landfill biogas, syngas, waste engine exhaust, geothermal and solar, cement plant waste heat and more.

Q-Insights via our product line called Gas Emissions Methane Monitoring and Analysis ("GEMMA"), provides monitoring and emissions tracking continuously and in real-time for distributed waste gas systems of various types. This helps small and mid-sized waste gas producers more effectively monetize pollution reduction activities through carbon offsets and trading, as well as reducing equipment issues and maintenance costs. The Company is focused on completing the development of GEMMA during 2021.

The Company services its customers from field locations in Brighton and Fort Lupton, Colorado; Watford City, North Dakota, Grande Prairie, Alberta, and Brooksville, Florida. The infrastructure at the field locations consists of field and maintenance technicians and technical sales staff. The facilities generally include, office space, maintenance shop and storage yard. Personnel based out of Company's head office in Calgary, Alberta include Officers of the Corporation, management, engineering, technical sales, accounting and administration.

BUSINESS OVERVIEW

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus ("COVID-19"). The outbreak and subsequent measures intended to limit the pandemic contributed to significant declines and volatility in financial markets. The pandemic adversely impacted global commercial activity, including significantly reducing worldwide demand for crude oil and natural gas, impacting Questor's customers and its business.

While these first quarter 2020 developments significantly restricted global commerce and created an oil commodity price crisis, subsequent developments to close out a tumultuous COVID-19 year have set the basis for recovery. The recovery trend is encouraging and a continuing focus on supply balance for oil and gas producers is warranted, however, a level of uncertainty persists. This impacts the Company as it pursues its strategy and allocates resources to support its principal markets in Canada and in the US.

During the year, the Company's operations and financial performance have suffered negative economic impacts, as COVID-19 and the macroeconomic environment continues to have a significant effect on our 2020 business results. It is difficult to predict how long these market conditions will negatively impact activity levels.

Notwithstanding the 2020 financial performance, the Company maintains a strong financial position accomplished through managing costs and maintaining capital discipline while providing best in class equipment and services to our customers. Our focus has not changed and remains consistent despite this downturn. We will continue to provide exceptional service to our customers while efficiently managing our costs. This disciplined strategy is focused on maintaining a strong balance sheet.

The Company is focusing on gaining market share, educating our customers around solutions for combating emissions, diversifying our business to lessen the dependence on oil and gas and expanding our waste heat to power offering. The Company will continue to build our digital capability focused on an emissions platform that will eventually enable us to credibly quantify emission reductions for our clients and guarantee a zero-hydrocarbon emissions site, with the end goal of monetizing the emission reduction offsets.

The Company believes that the clean technology industry will remain an integral component of resource development over the medium to long term and that the Company will be well positioned given its focus on top-tier service, quality and technology to meet our client's emission commitments in the future. The resilient companies that survive these challenging times will continue to focus on addressing the commitments they have made to their investors and the public, which includes reducing greenhouse gas emissions. The Company's proven, cost effective technology solutions will play an instrumental role in enabling these companies to meet their goals and targets.

FINANCIAL OVERVIEW – FOR THE YEAR ENDED DECEMBER 31, 2020 VERSUS 2019

CONSOLIDATED

For the years ended December 31,	**2020**	2019	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Revenue	**9,210,718**	30,194,235	(69)
Gross Profit	**1,805,410**	16,262,157	(89)
Profit (Loss) for the year	**(1,829,876)**	7,428,590	>(100%)
Per share — basic	**(0.07)**	0.28	>(100%)
Per share — diluted	**(0.07)**	0.27	>(100%)
As at December 31,			
Working capital, end of period	**19,300,453**	17,425,861	11
Total assets, end of period	**38,014,911**	42,110,012	(9)
Total equity, end of period	**33,989,100**	35,333,667	(4)

2020 OVERVIEW

- During 2020, the global pandemic had a major impact on businesses across various sectors. The energy industry was further impacted by the oil supply war between the Organization of the Petroleum Exporting Countries ("OPEC"). The negative economic events affected the Company's 2020 financial results which substantially represents the primary driver for the activity decreases and performance decline compared to the prior year.

- The Company continued to be in a strong financial position at December 31, 2020:
  - Cash increased to $16.3 million from $13.5 million at December 31, 2019;
  - The Company has an undrawn $1.0 million revolving demand loan facility and an undrawn $5.0 million capital loan facility;
  - The Company entered into a repayable government assistance agreement with Western Economic Diversification Canada which provided $966,187 to help fund its operating costs. Repayment commences in 2023;
  - Cash reserves provide the working capital to thrive during tough market cycles;
  - A strong balance sheet will serve as a foundation to launch into new products and markets once the economy rebounds;
  - Capital expansion plans are deferred until there is a sustained economic recovery. This strategy preserves our liquidity while improving capital efficiency; and,
  - Increased focus on operating efficiencies to manage cash flow by working with our service providers to further reduce costs.

- Revenue decreased $21.0 million for the year ended December 31, 2020 versus the same period in 2019:
  - Incinerator equipment sales decreased from $11.8 million in 2019 to $4.1 million in 2020;
  - Revenue from incinerator rentals decreased from $15.7 million in 2019 to $4.1 million in 2020;
  - Incinerator service revenue decreased from $2.6 million in 2019 to $1.0 million in 2020.

- Gross profit of $1.8 million in 2020 compared to a gross profit of $16.3 million in 2019:
  - Activity and profit were impacted by the overall economic affect of COVID-19;
  - The Company continued its mitigation strategy, revolving around
    - Managing operations infrastructure ensuring indirect operational resources are consistent with activity; and,
    - Commitment to supply chain management focused on procuring quality materials at competitive prices.

- Administrative expenses during the year ended December 31, 2020 decreased $1.2 million compared to 2019. The decrease is attributable to lower headcount versus the prior year, reduced work schedules, compensation reductions and travel reductions and funding ($0.5 million) from the Canadian Emergency Wage Subsidy ("CEWS").

CONSOLIDATED

Years ended December 31,	**2020**	2019	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Revenue	**9,210,718**	30,194,235	(69)
Cost of Sales	**7,405,308**	13,932,078	(47)
Gross Profit (Loss)	**1,805,410**	16,262,157	(89)
Gross Profit (Loss) (%)	**20**	54	(63)

REVENUE

Revenue for the year ended December 31, 2020 was $9.2 million versus $30.2 million in 2019, a decrease of $21.0 million. The following is a breakdown of revenue by the major business lines.

Equipment Sales

Equipment sales for the year ended December 31, 2020 decreased $7.7 million versus the same period in 2019. Sales activity was significantly lower in 2020 due to capital and operating constraints of our clients.

Incinerator Rentals

Incinerator rentals for the year ended December 31, 2020 decreased $11.6 million versus the same period in 2019.

The Company assesses performance of the rental revenue streams using the following parameters: 1) number of rental days, 2) revenue capacity, 3) utilization and 4) pricing. Revenue received from incinerator rentals during the year ended December 31, 2020 is 74 percent lower than 2019.

Rental utilization is a measure of the rental fleet asset deployment efficiency. Utilization performance for the year ended December 31, 2020 was 14% which is significantly below the Company's target and historical activity. While the Company has recently seen a slight improvement in its rental market, customers remained conservative with 2020 spending due to the impact of the worldwide pandemic and related low energy demand and prices.

Service

Incinerator service revenue during the year ended December 31, 2020 decreased $1.6 million versus 2019. The Company assesses performance of the service revenue streams by job volume and pricing. Job volumes are primarily linked to equipment rental and sales activity which decreased over the prior year.

GROSS PROFIT

The Company uses gross profit margin targets as a percentage of revenue to evaluate performance. The Company also measures performance by comparing gross margin contribution relative to revenue changes. For the year ended December 31, 2020, gross profit decreased $14.5 million on a revenue decrease of $21.0 million. Gross profit was negatively impacted by global market conditions.

CORPORATE

Years ended December 31,	**2020**	2019	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Gross Profit (Loss)	**1,805,410**	16,262,157	(89)
less corporate costs:			
Administration expenses	**3,515,072**	4,702,152	(25)
Depreciation of properties and equipment and right-of-use assets	**138,508**	111,775	24
Amortization of intangible assets	**286,609**	229,861	25
Gains from disposal of property and equipment	**1,930**	-	>100
Net foreign exchange (gains) losses	**(184,977)**	286,894	>(100)
Other expenses	**190,079**	710,559	(73)
Profit (Loss) before tax	**(2,141,811)**	10,220,916	>(100)
Income tax expense (recovery)	**(311,935)**	2,792,326	>(100)
Profit (Loss) for the year	**(1,829,876)**	7,428,590	>(100)

Administrative Expenses

Administrative expenses during the year ended December 31, 2020 decreased $1.2 million compared to 2019. The Company mainly assesses general administration expense performance by monitoring headcount additions and related costs. The decrease is mainly attributable to lower headcount versus the prior year, reduced work schedules, compensation reductions and travel reductions ($0.3 million) and the "CEWS" program funding ($0.5 million).

Foreign Exchange Gains/Losses

Foreign exchange gains and losses arise from the translation of net monetary assets or liabilities that are held in U.S. dollars. The Company recorded a $0.2 million foreign exchange gain for the year ended December 31, 2020 versus a $0.3 million loss in 2019, primarily due to favorable fluctuations on the CAD/USD exchange rate. The majority of the foreign exchange gains were realized on the translation of the Company's U.S. dollar-denominated transactions which appreciated against the Canadian dollar during the first half of 2020.

The Company currently has limited commitments in US dollars and as a result has not implemented currency hedges. The Company will continue to monitor currency requirements and may implement currency strategies to satisfy obligations or commitments when they arise.

Income Tax

In the second quarter of 2019, the Government of Alberta enacted legislation that decreased the provincial corporate income tax rate from 12 percent to 11 percent effective July 2019, with a further 1 percent rate reduction every year on January 1 until the provincial corporate income tax rate is 8 percent on January 1, 2022. Subsequent to September 30, 2020, the Government of Alberta substantively enacted legislation to accelerate this reduction, lowering the corporate tax rate from 10 percent to 8 percent, effective July 1, 2020.

The Company recorded an income tax recovery of $0.3 million for the year ended December 31, 2020 compared to a $2.8 million expense in 2019. The effective tax rate for the twelve months ended December 31, 2020 was 15 percent versus 27 percent for the same period in 2019.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash and debt management, which includes monitoring forecasts of the Company's cash and cash equivalents and borrowing facilities on the basis of projected cash flow. Based on currently available information, the Company expects to maintain compliance with the covenants and will have sufficient liquidity with significant reserve capacity during the next year to support its ongoing operations.

For the years ended December 31,	**2020**	2019
(stated in CDN$)	***($)***	*($)*
Cash provided by (used in):		
Operating activities	**2,307,690**	11,580,096
Investing activities	**(142,015)**	(7,597,773)
Financing activities	**920,797**	736,347
Increase in cash	**3,086,472**	4,718,670

Operating Activities

Cash provided by operating activities for the year ended December 31, 2020 was $2.3 million versus $11.6 million for 2019. Cash provided by operating activities was impacted by decreased financial performance.

Investing Activities

Cash used in investing activities in 2020 was $0.1 million compared to $7.6 million for 2019. In light of the volatility in commodity prices, the Company suspended significant capital expansion plans until there is a sustained market recovery. This strategy preserves our liquidity while improving capital efficiency. The Company will focus increasingly on operating efficiencies and enhancing cash flow in all areas to further reduce costs.

The Company regularly reviews its capital equipment requirements and will continue to follow its policy of adjusting the capital budget on a quarterly basis to reflect changing operating conditions, cash flow and capital equipment needs.

Financing Activities

During the year ended December 31, 2020, financing activities consisted of the following:

1. In September, 2020, the Company entered into a repayable government assistance agreement with Western Economic Diversification Canada. Under the agreement, the Company was provided $966,187. The Company is required to repay the contribution in monthly installments, commencing January 1, 2023 and ending December 31, 2025. The Company has received the full funding as at December 31, 2020.
2. Issuance of common shares on employee-exercised stock options providing cash proceeds of $0.2 million, versus $1.1 million in 2019, offset by lease obligation principal repayments of $0.3 million.

For the years ended December 31, 2020 and 2019, the Company had in place an Operating Loan Facility ("Operating Loan"), and secured an additional Capital Loan Facility ("Capital Loan") and an Export Development Canada ("EDC") Secured Letter of Guarantee Facility. The Company's operating loan facility has a maximum amount of $1 million, the availability of which is subject to specified margin requirements. The capital loan was secured to assist in the financing of capital expenditures. The facility makes available a revolving demand capital loan to a maximum of $5 million. The Company made no draws on the operating loan or capital loan facilities during the years ended December 31, 2020 and 2019.

The availability of these facilities is also subject to the Company meeting certain financial covenants. As shown in the table below, at the year ended December 31, 2020, the Company complied with the financial covenants associated with its credit facilities.

		Actual	
Years Ended December 31,	Covenant	**2020**	2019
Working capital ratio (total current assets/total current liabilities) not to fall below	1.25x	**12.1x**	4.43x
Debt service ratio (net operating income/debt servicing costs) must be greater than	1.25x	**0.0x***	No borrowings
Total liability to tangible net worth not to exceed	2.5x	**0.12x**	0.20x

*Repayable government assistance agreement repayment does not commence until January 1, 2023 and is excluded from the calculation

Capital Resources

The Company believes that its cash reserves, non-cash working capital and net cash generated from operating activities will be sufficient to fund operations and anticipated capital requirements in 2021. With the exception of the repayable government assistance agreement noted above, the Company's debt facilities are undrawn and available to provide additional capital resources as required.

FINANCIAL OVERVIEW – FOR THE THREE MONTHS ENDED DECEMBER 31, 2020 VERSUS 2019

CONSOLIDATED

Three months ended December 31,	**2020**	2019	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Revenue	**2,623,673**	6,816,530	(62)
Cost of Sales	**2,326,131**	3,574,099	(35)
Gross Profit	**297,542**	3,242,431	(91)
Gross Profit (%)	**11**	48	(77)

REVENUE

Revenue for the three months ended December 31, 2020 was $2.6 million versus $6.8 million in 2019, a decrease of $4.2 million. The following is a breakdown of revenue by the major business lines.

Equipment Sales

Equipment sales for the three months ended December 31, 2020 was $1.6 million versus $3.8 million in 2019, a decrease of $2.2 million. The Company has finalized a few sales contracts in 2020, but activity has been severely hampered by the overall economic downturn.

Incinerator Rentals

Revenue received from incinerator rentals for the three months ended December 31, 2020 was $0.7 million versus $2.5 million in 2019, a decrease of $1.8 million. Rental activity recovered somewhat in the fourth quarter of 2020, but overall, it has been severely hampered by the overall economic downturn.

Service

Incinerator service revenue for the three months ended December 31, 2020 was $0.3 million versus $0.5 million in 2019, a decrease of $0.2 million. The Company assesses performance of the service revenue streams by job volume and pricing. Job volumes are primarily linked to equipment rental and sales activity which decreased over the prior year.

GROSS PROFIT

Gross Profit for the three months ended December 31, 2020 was $0.3 million versus $3.2 million in 2019. The Company uses gross profit margin targets as a percentage of revenue to evaluate performance. The Company also measures performance by comparing gross margin contribution relative to revenue changes. For the three months ended December 31, 2020, gross profit decreased $2.9 million on a revenue decrease of $4.2 million.

CORPORATE

Three months ended December 31,	**2020**	2019	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Gross Profit (Loss)	**297,542**	3,242,431	91
less corporate costs:			
Administration expenses	**871,815**	1,319,364	(34)
Depreciation of properties and equipment and right-of-use assets	**34,090**	31,087	10
Amortization of intangible assets	**71,652**	57,313	25
Net foreign exchange (gains) losses	**277,609**	159,502	74
Other expenses	**16,651**	287,065	(94)
Profit (Loss) before tax	**(974,275)**	1,388,100	>(100)
Income tax expense (recovery)	**(88,326)**	325,716	>(100)
Profit (Loss) for the year	**(885,949)**	1,062,384	>(100)

Administrative Expenses

Administrative expenses during the three months ended December 31, 2020 decreased $0.4 million compared to the same period in 2019. The Company mainly assesses general administration expense performance by monitoring headcount additions and related costs. The decrease is mainly attributable to staff and travel reductions and the CEWS program funding.

Foreign Exchange Gains/Losses

The Company recorded a $0.3 million foreign exchange loss for the three months ended December 31, 2020 versus a loss of $0.2 million in 2019. Foreign exchange gains and losses arise from the translation of net monetary assets or liabilities that are held in U.S. dollars. The foreign exchange losses incurred during the three months ended December 31, 2020 are attributable to the translation of U.S. dollar-denominated monetary assets.

Income Tax

The Company recorded an income tax recovery of $0.1 million for the three months ended December 31, 2020 compared to an expense of $0.3 million in 2019. The effective tax rate for the three months ended December 31, 2020 was 9 percent versus 23 percent for the same period in 2019.

SHARE CAPITAL

As at December 31, 2020, the Company had 27,410,120 common shares, 794,875 employee stock options, and 382,856 restricted share units outstanding. The maximum number of equity-based compensation units including stock options, PSUs and RSUs that may be reserved for issuances shall not exceed 10 percent of the outstanding common shares of the Corporation.

Summary of Quarterly Results

Three months ended	**Dec 31, 2020**	Sep 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	June 30, 2019	Mar 31, 2019
(stated in '000's CDN$ except per share amounts)								
Revenue	2,624	1,067	1,031	4,489	6,817	8,294	7,363	7,720
Gross Profit (Loss)	298	(442)	(37)	1,987	3,242	4,035	4,566	4,419
Profit (Loss) for the period	(798)	(962)	(1,248)	1,265	1,062	1,968	2,062	2,336
Per share – basic	(0.03)	(0.04)	(0.05)	0.05	0.04	0.07	0.08	0.09
Per share – diluted	(0.03)	(0.04)	(0.05)	0.05	0.04	0.07	0.07	0.09

Beginning in March 2020, the Company's operations and financial performance have suffered negative economic impacts, as COVID-19 and the macroeconomic environment had a significant effect on our 2020 business results.

MARKET OUTLOOK

During the first three months of 2021, economies around the world have started to open up along with improved commodity prices; however, the economic malaise brought on by COVID-19 nationally and globally has had, and will likely continue to have, a material adverse effect on our business, operations and financial results.

Higher commodity prices which began in the fourth quarter of 2020 have continued into 2021. Currently WTI prices are over US $60/bbl. suggesting that North American energy producers have significantly improved economics. The recovery in commodity prices, combined with significant overall industry cost reductions has led to improved cash flows for some of our customers. The Company expects 2021 activity will be modestly higher than 2020.

Environmental and social governance (ESG) is a set of standards for how companies operate in relation to the planet and its people. ESG is becoming a critical criterion for socially conscious investors to screen potential investments. Environmental principles examine how a company performs as a steward of the planet. Numerous institutions, such as the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the Task Force on Climate-related Financial Disclosures (TCFD) are working to form standards and define materiality to facilitate incorporation of these factors into the investment process. The Company's products are focused to provide solutions to existing and potential clients that address environmental stewardship by reducing emissions with a specific target of methane, improve air quality, reduce waste and improve energy efficiency. The ESG movement is putting pressure on companies and also driving availability of capital and funding. ESG is an integral part of the Company's business strategies.

The Company feels that a strong balance sheet is imperative for success and has focused efforts to that strategy for several years. Having a strong balance sheet not only protects the Company in economic turmoil but enables growth when market confidence improves. The Company currently has substantial cash reserves, a large company owned rental fleet, and no debt except for a repayable government grant due commencing in 2023.

Canada

Despite continued commodity price volatility and constraints on production take-away options in this region, the Company completed and delivered on incinerator unit sales contracts during 2020. In addition, the Company signed sales contracts for two more units during the first quarter of 2021, and will deliver another unit in the second quarter. The challenges of regulations that continue to permit flaring and do not mandate the use of efficient waste gas incineration systems notwithstanding, these sales, are an exciting development for the Company in this market.

As mentioned previously, the Canadian federal government has established a $750 million Emission Reduction Fund, with a focus on methane reduction, to create and maintain jobs through pollution reduction efforts. This goes a long way toward indicating the federal government does understand the importance of this industry and the struggles it currently faces. The Company is currently working with potential clients to offer products and services to access funding.

United States

The November 2020 election brought a new president into power in the US. The new president brings dramatically different views to the office in the areas of environmental regulations and energy security. Overall, the Company believes that this regime change will have a positive impact on our business activity in 2021.

Colorado

Colorado proved to be a challenging market in 2020 with demand for Company products and services significantly lower versus 2019. The Colorado market has been challenging as many of the operators were exposed to liquidity issues. Rental activity remains slow but steady in this market. As the economy continues to reopen and the demand for energy increases, the Company expects to see improving results in Colorado in 2021.

Colorado's Regulation 7 mandates the use of enclosed combustion and now targets methane, resulting in a statewide focus on the responsible management of potentially fugitive hydrocarbons. As such, Colorado is ground zero for a combination of oil and gas production and environmental stewardship with large operators changing their approach and recognizing they are dealing with a new social reality. Although capital is constrained at this time, the Company's products complement the local environmental framework and related requirements.

North Dakota

Most of the 2019 market share growth in the state was attributable to one large client, and like many other energy companies they faced a liquidity crisis**.** During March 2020, the client notified the Company and commenced returning rental incinerators all of which were returned during the second quarter. The Company has been in constant discussions with the client whom has restructured, however it remains unclear if its requirements will increase in 2021.

In an effort to reduce emissions, North Dakota is enforcing Federal EPA regulations at the State level. These regulations reward the use of high efficiency combustion VOCs from oil production. In separate tests conducted in 2018 and 2019, the Company was independently tested under EPA testing procedures in North Dakota and confirmed its performance in excess of 99.99 percent efficiency. The Company's higher emissions control delivers value in the form of increased oil production for our clients while maintaining NOx and VOC emissions at low and compliant levels.

In North Dakota, the industry has invested billions on gas processing infrastructure but is years away from seeing processing capacity exceed gas supply. The need for emissions control equipment in North Dakota is expected to remain strong; however, the current capital environment may continue to impact demand as Operators contend with limited cash-flows.

California

In July 2020, the Company secured an agreement to supply a rental incinerator and services. This is a first step into a new market with vast potential in the future. The Company is targeting several opportunities in 2021.

Texas and New Mexico

Interest for wellsite emissions control is extending to the Permian basin in Texas and New Mexico especially with the challenges of lack of gas pipeline infrastructure. Given the significant need for emissions control in the state, the Company continues to target this region during 2021.

Mexico

Due to continuing travel restrictions, the Company has not been able to complete final commissioning on three facilities in the country. The Company anticipates that this this work will be completed in the second quarter of 2021. The Company continues to be optimistic for further business in this area given the country's aggressive objectives to address energy emissions.

Q-Power (Waste Heat to Power)

In 2020, the Company was awarded a Q-Power contract for one ORC unit to be installed in the southern United States. The unit was delivered in December 2020 and the project is expected to be completed in the first quarter of 2021. This client has many other facilities in the United States, and there is potential for additional Q-Power product sales in the future.

Capital Expenditures

Given current economic conditions, the Company has effectively suspended Q-Series capital expansion plans until there is a sustained economic recovery. This strategy preserves our liquidity while improving capital efficiency. The Company will focus increasingly on operating efficiencies and on enhancing cash flow by working with our service providers to further reduce costs.

Key Initiatives and Objectives

Sales and Marketing

The Company has completed a diagnostic assessment of the sales and marketing function and has identified opportunities to enhance the Company's ability to target regions with highest level of activity, improve the Company's inbound customer journey, and strengthen outbound presence. The Company has implemented a new gated sales process that evaluates highest potential opportunities prior to engaging, using sales automation. The process redesign combined with enhancements that have been implemented through technology and automation sets the stage for the next step of the initiative. During the first half of 2021, the Company will recruit additional sales and marketing resources to support rapid penetration of existing basins and new markets for both our combustion and heat to power generation technologies.

Product Development & Commercialization

Product innovation is a necessity for the Company to proactively advance and to have sustainable success in competitive markets. In conjunction with the sales and marketing initiatives, the Company has evaluated and has reengineered the product development and commercialization processes. The Company's strategies include collaborations in data to deliver a system that amalgamates all the emission detection data available and shows how our combustion and power generation technologies can be used to help our clients reach zero emission targets at their sites. Our collaboration includes experts in emissions monitoring, artificial intelligence, block chain and data. Our goal is to enable our clients to demonstrate the delivery of a low carbon natural gas molecule to the market.

Market Share

The Company's primary objective for 2021 is to manage through the continued economic downturn and continue to support its primary markets, listed above, by providing best in class incineration products and services. The Company believes that the clean technology industry will remain an integral component of resource development and that the Company will be well positioned given its focus on top-tier service, quality, logistics management and technology over the long-term.

Product Diversification

The Company remains committed to a strategy of measurable technology diversification. The combination of our clean combustion incineration technology with our power generation equipment at facilities in Mexico and the installation of power generation equipment in the southern United States showcases our commitment to this strategic initiative. The Company continues to actively market its waste heat to power technology.

Innovation – Emissions Sensors

The Company continues to develop field data capture and transmission technology to transmit data from our waste gas incineration systems to an Emissions Excellence Control Center where a team will monitor Company equipment from one central site. The objective of this project is to collect real time information to allow clients to demonstrate compliance with regulations, and it includes specific focus on the efficient destruction of methane, VOCs and HAPs.

The data gathered by this project will further reinforce existing data showing the Company's higher combustion performance (99.99 percent) as noted by the regulator in North Dakota. The data platform being developed will enable our clients to meet the new proposed bill requiring continuous emissions monitoring. Confirmation and certification of emission reductions are becoming a key metric with regulators, the public, investors and shareholders. Many large global exploration & production (E&P) companies have stated specific emission reduction goals and tied executive compensation to meeting these goals.

Of particular interest is the development of data management technology to support the monetization of carbon offsets. The Company's industry leading combustion technology establishes an improvement over current practices (i.e., venting or combustion practices with lesser performance) providing a reduction in greenhouse gas (GHG) emissions. The Company will be implementing a feature of its data management system that quantifies combustion performance to determine carbon offsets in real time.

LITIGATION

Periodically, the Company is subject to costs and other effects of legal proceedings, settlements, investigations, claims and actions. The Company will accrue a loss contingency when it is deemed probable and can be reasonably estimated. The Company assesses potential liabilities by analyzing claims using available information and after consultation with outside counsel handling our defense in these matters. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

The Company vs. Emissions Rx Ltd.

The Company filed a claim against three former employees in 2018. The three former employees resigned over a period of two months. After the former employees resigned, the Company learned that they had incorporated Emission Rx on November 14, 2017, several months prior to their departures. The Company sought injunctive relief against Emissions Rx competing in the market against the Company and infringing the Company's intellectual property. The Company asserts ownership of the Emission LP Burner Technology, through: (i) the terms of the employment agreements signed by the Individual Respondents; or (ii) the application of the common law. The court declined to issue the injunction in 2019, however ordered the defendants to deliver all remaining Confidential Information belonging to the Company which the former employees took in breach of the employment contract. The court's decision included the statement that the Company has demonstrated that it has a prima facie case with respect to its claim that the defendants breached their fiduciary duties and their contractual duty of confidentiality. In addition, the defendants were informed in the judgement that the court would consider a protective order in respect of the profits that may be earned and accumulated by Emissions Rx pending trial. The Company intends to proceed with filing for the protective order during 2021 and continue with the litigation. Notwithstanding the uncertainty as to the outcome, based on the information currently available, the Company does not believe the outcome of the litigation or legal expenses incurred in aggregate will have a material adverse effect on its consolidated financial position.

CREDIT

The Company's accounts receivables are mainly due from customers within the energy industry and are subject to typical industry credit terms. The Company assesses the credit worthiness of its customers, and monitors accounts receivable outstanding on a regular, ongoing basis.

The Company has increased its focus on credit and is managing credit through strict credit policies and practices, including the use of credit limits and approvals, and by monitoring its customers' financial condition. Payment terms with customers may vary based on credit assessment. Standard payment terms, however, are 30 days from invoice date.

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. In situations where the creditworthiness of a customer is uncertain, services are typically provided on receipt of cash in advance or services are declined. Customer payments are regularly monitored and a provision for doubtful accounts has been established based on the impairment model under IFRS 9, which requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss model to its trade accounts receivable. Lifetime expected credit losses are the result of all possible default events over the expected life of the financial instrument.

For more detailed information, reference Note 21 of the consolidated financial statements.

LIQUIDITY

The Company's principal sources of liquidity are cash reserves, operating cash flows, existing or new credit facilities, and new share equity. The Company monitors its liquidity to ensure it has sufficient funds to complete planned capital and other expenditures. The Company mitigates manages liquidity by maintaining adequate credit facilities and monitoring its forecasted and actual cash flows. The Company may also adjust its capital spending to maintain liquidity.

The Company generally relies on cash deposits, funds generated from operations, sale deposits received from customers and credit facilities to provide enough liquidity to meet budgeted operating requirements and to supply capital to finance the development of new clean air technologies or acquisitions. The Company believes it has sufficient working capital to meet future obligations as they come due.

CONTRACTS

The Company enters into two types of equipment sales contracts. The first type is generally short term in nature with most orders completed in less than six months. These sales contracts contain a single performance obligation which is to manufacture and provide the completed incineration equipment. The performance obligation is satisfied by delivering the specified goods as outlined in the contract terms and conditions. Transaction price is clearly identified in the contract.

The second type is generally longer term in nature and based upon a custom order with custom equipment. These sales contracts contain multiple performance obligations over a specified period of time with the final obligation being the manufacturing and delivery of the completed equipment. The obligations over time are based upon performance milestones and outlined in the contract terms and conditions. Transaction price is clearly identified in the contract. For both types of sales contracts, the Company currently offers assurance warranties which provides the customer with assurance that the product will function as it complies with agreed-upon specifications. These sales contracts contain no other separate performance obligations.

Equipment rental contracts are based on a daily or monthly rental rate and can range from one day to two years in term. All contracts are invoiced monthly and are based on the number of days the equipment was in the custody of the client for the month. The rental contracts contain a single performance obligation which is to provide the rental incineration equipment to the location specified by the client. The performance obligation is satisfied by delivering the specified goods as outlined in the contract terms and conditions. The Company currently provides only assurance warranties. The warranty provides the customer with assurance that the product will function as it complies with agreed-upon specifications. The contracts contain no other separate performance obligations.

RELATED-PARTY TRANSACTIONS

The Company defines key management personnel as being the Directors, Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. In addition to their salaries and directors' fees, the Company also provides non-cash benefits including participation in the Company's long term incentive plans. All transactions with related parties were undertaken in the normal course of business and at market values.

ACCOUNTING POLICIES AND ESTIMATES

The Company's IFRS accounting policies and future accounting pronouncements are provided in note 2 and 3 to the Annual Consolidated Financial Statements as at and for the years ended December 31, 2020 and 2019. In the preparation of the Company's Consolidated Financial Statements, management has made estimates that affect the recorded amounts of certain assets, liabilities, revenues and expenses. Actual results could differ from these estimates. Estimates and judgments used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the Consolidated Financial Statements are prepared. Management deems the following judgments and estimates to be material to the Company's consolidated financial statements.

Judgments

Depreciation and Amortization

Depreciation of the Company's property, plant and equipment incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change. Depreciation of the Company's property equipment and right-of-use assets, and amortization of the Company's intangible assets incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby affecting the value of the Company's property and equipment, right-of-use assets and intangible assets.

Impairment

The determination of whether indicators of impairment exist is based on management's judgment of whether there are internal and external factors that would indicate that a non-financial asset is impaired. The recoverable amounts used for impairment calculations may require estimates of future net cash flows related to the assets or CGU's, probability of successful contract proposals and estimates of discount rates applied to these cash flows, or consideration of the Company's market capitalization as compared to the CGU's carrying amount.

Provisions and Contingencies

The Company is required to exercise judgment in assessing whether the criterion for recognition of a provision or a contingency has been met. The Company considers whether a present obligation exists, the probability of loss, and if a reliable estimate can be formulated.

Impairment of Inventories

The Company regularly reviews the nature and quantities of inventory on hand and evaluates the net realizable value of items based on historical usage patterns, known changes to equipment or processes and customer demand for specific products. Significant or unanticipated changes in business conditions could impact the magnitude and timing of impairment recognized.

Right-of-use Assets and Lease Liabilities

The Company has made judgments, estimates, and assumptions related to the application of IFRS 16, and the key areas are as follows.

- Incremental borrowing rate - the rates used to present value future lease payments are based on judgments about the economic environment in which the Company operates and theoretical analyses about the security provided by the underlying leased asset, the amount of funds required to be borrowed in order to meet the future lease payments associated with the leased asset, and the term for which these funds would be borrowed.
- Lease term - in determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Functional Currency

Management applies judgment in determining the functional currency of its foreign subsidiaries. Judgment is made with regard to the currency that influences and determines sales prices, labor, material and other costs as well as financing and receipts from operating income.

Estimates

Depreciation and amortization

Depreciation and amortization are calculated to write off the cost, less estimated residual value, of assets on a systematic and rational basis over their expected useful lives. Estimates of residual value and useful lives are based on data and information from various sources including industry practice and historic experience. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions. Although management believes the estimated useful lives of the Company's property and equipment, right-of-use assets and intangibles are reasonable, it is possible that changes in estimates could occur, which may affect the expected useful lives and salvage values of the property and equipment, right-of-use assets and intangibles.

Allowance for Doubtful Accounts

The Company's trade and other receivables are typically short-term in nature and the Company recognizes an amount equal to the expected credit losses (ECL) on receivables. The amount of ECLs is sensitive to changes in circumstances of forecasted economic conditions.

Taxes

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in Canadian and foreign tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to Canadian and foreign tax law and bases its estimates on the best available information at each reporting date.

Fair value of equity-settled share-based payments

The Company uses an option pricing model to determine the fair value of equity-settled share-based payments. Inputs to the model are subject to various estimates relating to volatility, interest rates, dividend yields and expected life of the units issued. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

Impairment of Non-Financial Assets

In determining the estimated recoverable amount of a CGU subject to impairment testing, the Company measures the estimated recoverable amount of a CGU as the higher of fair value less costs of disposal and its value in use. Estimated recoverable amounts of a CGU are evaluated and calculated using various data and assumptions. The data and assumptions used in the estimates of recoverable amount are assessed for reasonableness based on the information available at the time the estimate of recoverable amount is prepared. As circumstances change and new information becomes available, the estimate of recoverable amount could change.

Government Grants and Repayable Government Assistance

The Company has received or is eligible for government grants in response to the impact of COVID-19. These government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to the grant and the grant will be received. For more detailed information, reference Note 3 and 14 of the consolidated financial statements.

Internal Controls over Financial Reporting

There have been no changes to internal controls over financial reporting ("ICFR") that occurred during the year ended December 31, 2020, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

BUSINESS RISKS

The business of the Company is subject to certain risks and uncertainties. Prior to making any investment decision, investors should carefully consider, among other things, the risk factors set forth below.

COVID-19

The COVID-19 pandemic, low oil prices and the general slowing of the global economy in 2020 caused far-reaching concern and economic hardship for consumers, businesses and communities across the globe. This situation could impact the Company by causing operating, supply chain and project development delays and disruptions, labor shortages and shutdowns, including as a result of government regulation and prevention measures, which could have a negative impact on the Company's operations.

Significant health and safety measures have been implemented at the Company's locations. These include restricting business travel, implementing physical distancing parameters between individuals, increased cleaning and sanitization in workplaces, and where possible, instructing employees to work remotely to reduce interpersonal contact. The Company continues to closely monitor the COVID-19 situation and should the duration, spread or intensity of the pandemic further develop in 2021, continued negative impacts on supply chain, personnel, market pricing and customer demand can be expected.

Volatility of Industry Conditions

The demand, pricing and terms for the Company's services largely depend upon the level of activity and expenditures made by oil and gas companies on exploration, development and production activities in North America. Expenditures by oil and gas companies are typically directly related to the demand for, and price of, oil and gas. Generally, when commodity prices and demand are predicted to be, or are relatively high, demand for the Company's services is high. The converse is also true.

The prices for oil and natural gas are subject to a variety of factors including: the demand for energy; the ability of "OPEC" to set and maintain production levels for oil; oil and gas production by non- "OPEC" countries; the decline rates for current production; political and economic uncertainty and socio-political unrest; cost of exporting, producing and delivering oil and gas; technological advances affecting energy consumption; and weather conditions. Any prolonged reduction in oil and natural gas prices would likely decrease the level of activity and expenditures in oil and gas exploration, development and production activities and, in turn, decrease the demand for the Company's services.

In addition to current and expected future oil and gas prices, the level of expenditures made by oil and gas companies is influenced by numerous factors over which the Company has no control, including but not limited to: general economic conditions; the cost of exploring for, producing and delivering oil and gas; the expected rates of current production; the discovery rates of new oil and gas reserves; cost and availability of drilling equipment; availability of pipeline and other oil and gas transportation capacity; natural gas storage levels; political, regulatory and economic conditions; taxation and royalty changes; government regulation; environmental regulation; ability of oil and gas companies to obtain credit, equity capital or debt financing; and currency fluctuations. A material decline in global oil and natural gas prices or North American activity levels as a result of any of the above factors could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Dependence on Major Customers

As at the year ended December 31, 2020, considering individual customers comprising greater than 10 percent of total revenue, three customers (2019 – two) comprised 33 percent (2019 – 50 percent) of the Company's total revenue.

As at the year ended December 31, 2020, considering individual customers comprising greater than 10 percent of total trade and other receivables, four customers (2019 – three) comprised 83 percent (2019 -28 percent) of the Company's total trade and other receivables.

Equipment Levels

The quantity of oilfield service equipment does not always correlate with the level of actual demand for that equipment due to the long-life nature of the equipment and the lag between when a decision to build additional equipment is made and when the equipment is placed into service. Periods of high demand often spur increased capital expenditures on equipment, and those capital expenditures may add capacity that exceeds actual demand. Such capital overbuild could cause the Company's competitors to reduce pricing leading to decreased rates generally in the oilfield services industry, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Competition

Each of the markets in which the Company participates is competitive. To be successful, a service provider must provide services that meet the specific needs of its customers at competitive prices. The principal competitive factors within the Company's operating markets are product and service quality and availability, technical knowledge and experience, and safety reputation and price. The Company may compete with large national and multinational companies that have extensive financial and other resources. These companies offer a wide range of services in all geographic regions in which the Company operates. In addition, the Company competes with regional competitors. As a result of competition, the Company may suffer from a significant reduction in revenue or be unable to pursue additional business opportunities.

Federal, State and Provincial Legislative and Regulatory Initiatives

The operations of the Company's customers are also subject to or impacted by a wide array of regulations in the jurisdictions in which they operate. As a result of changes in regulations and laws, customers' operations could be disrupted or curtailed by governmental authorities. The cost of compliance with applicable regulations may cause customers to discontinue or limit their operations and may discourage companies from continuing development activities.

Environment Laws and Regulations

The Company is subject to increasingly stringent and complex laws and regulations relating the protection of workers and the environment, including laws and regulations governing occupational safety standards, air emissions, and waste management. The Company incurs and expects to continue to incur managerial and operating costs to comply with such health, safety and environmental laws and regulations. Violation of these laws and regulations could lead to loss of accreditation, damage to the Company's social license to operate, loss of access to markets and substantial fines and penalties which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Changes to environmental regulations relating to climate change could impact the demand for, formulation or quality of the company's products, or could require increased capital expenditures, operating expenses, abandonment and reclamation obligations and distribution costs, which may not be recoverable in the marketplace and which could result in current operations or growth projects becoming less profitable or uneconomic.

Operational Risks

The Company's operations are subject to hazards such as equipment malfunction and failures, and natural disasters which can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment.

Reputational

Maintaining a positive reputation in the eyes of its customers, regulators, communities and the general public is an important aspect of the implementation of the Company's business strategy. The Company's reputation may be adversely impacted by the actions and activities it undertakes, as well as the activities of its employees. In addition, the Company's reputation could be affected by the actions and activities of other companies operating in the energy industry and by general public perceptions of the energy industry, over which the Company has no control.

Management Stewardship

The successful operation of the Company's business depends upon the abilities, expertise, judgment, discretion, integrity and good faith of its key employees. If the Company lost the services of one or more of its executive officers or key employees, it could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

New Technologies and Customer Expectations

The ability of the Company to meet its customers' performance and cost expectations will depend upon continuous improvements in operating equipment and proprietary technology. There can be no assurance that the Company will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand.

Intellectual Property

The success and ability of the Company to compete depends heavily on its proprietary technology. The Company currently relies on intellectual property rights and other contractual or proprietary rights, including (without limitation) copyright, trademark laws, trade secrets, confidentiality procedures, contractual provisions, licenses and patents to protect its proprietary technology. The Company may have to engage in litigation in order to protect its patents or other intellectual property rights, or to determine the validity or scope of the proprietary rights of others. This kind of litigation can be time-consuming and expensive, regardless of whether the Company is successful. The process of seeking patent protection can itself be time consuming and expensive, and there can be no assurance that any patent applications of the Company or such third parties will actually result in issued patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Company.

Cybersecurity

Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. Cybersecurity attacks could include, but are not limited to, malicious software, attempts to gain unauthorized access to data and the unauthorized release, corruption or loss of data and personal information, account takeovers, and other electronic security breaches that could lead to disruptions in the Company's critical systems. Risks associated with these attacks include, among other things, loss of intellectual property, disruption of the Company's and the Company's customers' business operations and safety procedures, loss or damage to the Company's data delivery systems, unauthorized disclosure of personal information and increased costs to prevent, respond to or mitigate cybersecurity events. Although the Company uses various procedures and controls to mitigate its exposure to such risk, cybersecurity attacks are evolving and unpredictable. The occurrence of such an attack could go unnoticed for a period of time. Any such attack could have a material adverse effect on the Company's business, financial condition and results of operations.

Sources, Pricing and Availability of Raw Materials, Components and Parts

The Company sources its raw materials, such as components and parts. The Company's current suppliers may be unable to provide the necessary raw materials and components at a price acceptable to the Company or otherwise fail to deliver products in the quantities required. Any resulting cost increases or delays in the provision of services could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Employees

The Company’s growth could be limited due to its inability to find enough qualified workers. The Company may also have difficulty finding enough skilled labor in the future if demand for its services increases. Shortages of qualified personnel have occurred in the past during periods of high demand. The Company's success depends on its ability to continue to employ and retain qualified technical personnel. If the Company is unable to, it could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

ADVISORIES

Forward Looking Statements

In order to provide the Company shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of the Company's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to expected operating strategies and targets, capital expenditure programs, future financial resources, use of funds held in the Company's segregated bank account (as an equity cure or otherwise), anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, results of acquisitions, the impact of environmental regulations and economic reforms and sanctions on the Company's business, future costs or potential liabilities, projections of market prices and costs, supply and demand for oilfield services, expectations regarding the Company's ability to maintain its competitive position, anticipated benefits of the Company's competitive position, expectations regarding the Company's ability to raise capital, treatment under government regulatory regimes, commodity prices, anticipated outcomes of specific events, trends in, and the growth prospects of, the global energy industry, the Company's growth prospects including, without limitation, its international growth strategy and prospects, and the impact of changes in accounting policies and standards on the Company and its financial statements. These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the Company's existing contracts and the status of current negotiations with key customers and suppliers, the effect unconventional gas projects have had on supply and demand fundamentals for natural gas and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to several known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include: general economic conditions in Canada and the United States; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; competition; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; changes in legislation and the regulatory environment; sourcing, pricing and availability of raw materials, components, parts, equipment, suppliers, facilities and skilled personnel; the ability to integrate technological advances and match advances by competitors; the availability of capital on satisfactory terms; intellectual property risks; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; dependence on, and concentration of, major customers; the creditworthiness and performance by the Company's counterparties and customers; liabilities and risks associated with prior operations; the effect of accounting pronouncements issued periodically; failure to realize anticipated benefits of acquisitions and dispositions; and currency exchange rate risk. Further information about these and other risks and uncertainties may be found under "Business Risks" above.

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. These statements speak only as of the respective date of this MD&A or the document incorporated by reference herein. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

ADDITIONAL INFORMATION

Further information regarding Questor Technology Inc. can be accessed on the Company's website at www.questortech.com or under the Company's public filings found at www.sedar.com.